

PUBLIC DISCLOSURE

FEBRUARY 1, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CLINTON SAVINGS BANK

200 CHURCH STREET
CLINTON , MA 01510

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CLINTON SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

Clinton Savings Bank's overall CRA rating is based upon its performance under the five criteria contained herein. The following is a summarization of the findings that were utilized in formulating the bank's overall CRA rating.

Distribution of Credit among Different Income Levels

Clinton Savings Bank has achieved a significant distribution of HMDA reportable lending to individuals of low and moderate-income and a strong level of small business lending in smaller dollar volume, given the demographics of the bank's assessment area.

Comparison of Credit Extended Inside And Outside of the Assessment Area(s)

A majority of the bank's HMDA-reportable loans and small business loans are originated inside its assessment area.

Loan to Deposit Analysis

The bank has a strong level of net loan to total deposit ratios as reviewed over an eight-quarter period.

Geographic Distribution of Loans

Clinton Savings Bank has demonstrated a significant penetration of HMDA reportable and small business lending in the middle-income census tracts in its assessment area. However, as there are no low and moderate-income census tracts in which to lend, little emphasis was placed on this criterion.

Review of Complaints/Fair Lending Policies and Practices

Fair lending policies and practices are considered reasonable. No complaints have been received since the prior examination.

Other Considerations

Clinton Savings Bank's community development lending as well as its community development and retail services were also reviewed.

PERFORMANCE CONTEXT

Description of Institution

Clinton Savings Bank is a mutual savings bank, incorporated under the laws of the Commonwealth of Massachusetts in 1851. As of the December 31, 1999 Federal Deposit Insurance Corporation's (FDIC) Quarterly Call Report, Clinton Savings Bank had total assets of \$188,548,000. Of these total assets, \$138,566,000 or 73.5 percent were in the form of loans (gross). The bank has historically been a residential lender, with approximately 72.6 percent of its loan portfolio centered in one-to-four family residential mortgages.

Refer to the following.

Loan Portfolio as of December 31, 1999	
Type of Loans	% of Gross Loans
Construction & Land Development	5.7
Residential Real Estate	
a. 1-4 Family Mortgages	72.6
b. Home Equity Lines (includes second mortgages)	3.7
Multifamily	6.3
Commercial Loans	
a. Commercial Real Estate	4.2
b. Commercial & Industrial Loans	3.3
c. Agricultural Loans	0.0
Consumer Loans	
a. Credit Cards & Related Plans	0.1
b. Loans to Individuals	4.1
Other Loans	
a. Loans to Financial Institutions	0.0
b. Municipal Loans	0.0
c. Farmland Real Estate Loans	0.0
d. Other	0.0
Total Gross Loans	100.0

Source: FDIC Call Report, 12/31/99

Clinton Savings Bank is headquartered in Clinton, Massachusetts, and operates four full service offices. These include, the main office at 200 Church Street, a branch office located at 563 Main Street in Bolton, an office at 1 Main Street in Sterling, and an office at 35 Central Street in Berlin. In addition, Clinton Savings Bank maintains a school branch in Nashoba Regional High School in Bolton. Office hours are convenient and appear to be accessible to all segments of the assessment area.

Drive-up services are offered at the bank's main office and its three branch office facilities. In addition, the bank maintains 24 hour Automated Teller Machines (ATM) at these same locations as well as at Bolton Orchards in Bolton, Wachusett Mountain Ski Area in Princeton, and Wachusett Village Inn in Westminister. Clinton Savings Bank is a participant in the SUM surcharge-free network of ATMs. The bank also offers a savings account that complies with the Massachusetts Community Banking Council Basic Banking for Massachusetts program guidelines, which were established to provide low-cost checking and savings accounts to those with modest incomes.

Clinton Savings Bank is the sole bank headquartered in the community. However, within the assessment area the bank has competition from Commerce Bank & Trust Company, Athol-Clinton Co-operative Bank, I C Federal Credit Union, Leominster Credit Union, and Fleet Bank, as well as a handful of regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered very competitive.

The Division of Banks last examined Clinton Savings Bank for compliance with the Community Reinvestment Act on October 27, 1997. That examination resulted in a CRA rating of "Satisfactory".

The FDIC last examined Clinton Savings Bank for compliance with the Community Reinvestment Act on November 30, 1998. That examination also resulted in a CRA rating of "Satisfactory".

Description of Clinton

The Town of Clinton is a community located in central Massachusetts, and is bordered by Bolton and Berlin on the east, Boylston on the south, Sterling on the west, and Lancaster on the north. The Town of Clinton is about 13 miles north of Worcester, and 35 miles west of Boston, The population density is 2,320 per square mile of the 7.29 square miles of the town.

Description of Assessment Area

Clinton Savings Bank's current assessment area consists of the Worcester County towns of Berlin, Bolton, Clinton, Harvard, Lancaster, Princeton, Sterling, and West Boylston.

The following presents Clinton Savings Bank's assessment area by Metropolitan Statistical Area (MSA). Also included are the HUD estimated Median Family Incomes (1998 and 1999) for each of the respective MSA's.

Assessment Area by Metropolitan Statistical Area (MSA)			
Boston MSA		Worcester MSA	
Berlin, Bolton, Harvard, and Lancaster		Clinton, Princeton, Sterling, and West Boylston	
Median Family Incomes (\$)			
Boston MSA		Worcester MSA	
1998	1999	1998	1999
60,000	62,700	51,000	52,600

*Source: PCI Services, Inc., CRA Wiz Software.

Clinton Savings Bank's assessment area contains twelve census tracts. Of those tracts, one is a moderate-income census tract located in the Town of Harvard. This census tract is located in what was formerly the Fort Devens military base. The base closed in April 1996. Since there is no available housing, and as such, no lending in this tract, it has been omitted from any of the analysis contained in this Public Evaluation.

Of the remaining eleven census tracts in Clinton Savings Bank's assessment area, seven or 63.6 percent are middle-income, and four or 36.4 percent are upper-income. There are no low-income census tracts in the bank's assessment area.

Housing information obtained from PCI Services, Inc., CRA Wiz, based upon 1990 census data, indicated that, excluding the one moderate-income census tract, there are 17,012 housing units within the bank's assessment area. Refer to the following table for more information.

Assessment Area Housing Statistics*					
Census Tracts	# of Housing Units	% Owner Occupied	% Renter Occupied	% Vacant	Median Value (\$)
Middle	10,835	61.4	33.2	5.5	145,125
Upper	6,177	81.3	13.8	4.9	228,524

*Source: 1990 Census Data.

In addition, income statistics also obtained from PCI Services, Inc., CRA Wiz indicated that excluding the one moderate-income census tract there were 16,266 households within the bank's assessment area as of the 1990 census. Refer to the following table for more information.

Assessment Area Income Statistics*				
Census Tracts	# of Households (HH)	% Low-income HHs	% Moderate-income HHs	% HHs Below Poverty Level
Middle	10,325	20.0	16.5	6.7
Upper	5,941	9.8	9.6	3.5

*Source: 1990 Census Data.

Description of Aggregate Data Utilized/Lending Activity

Aggregate data, for lending performance purposes only, constitutes 276 (both large and small) mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, which have originated and/or purchased residential mortgage and/or home improvement loans within the bank's assessment area (source: PCI Services, Inc., CRA Wiz Software). The total number of originations/purchases received by these lenders in calendar year 1998 was 4,155.

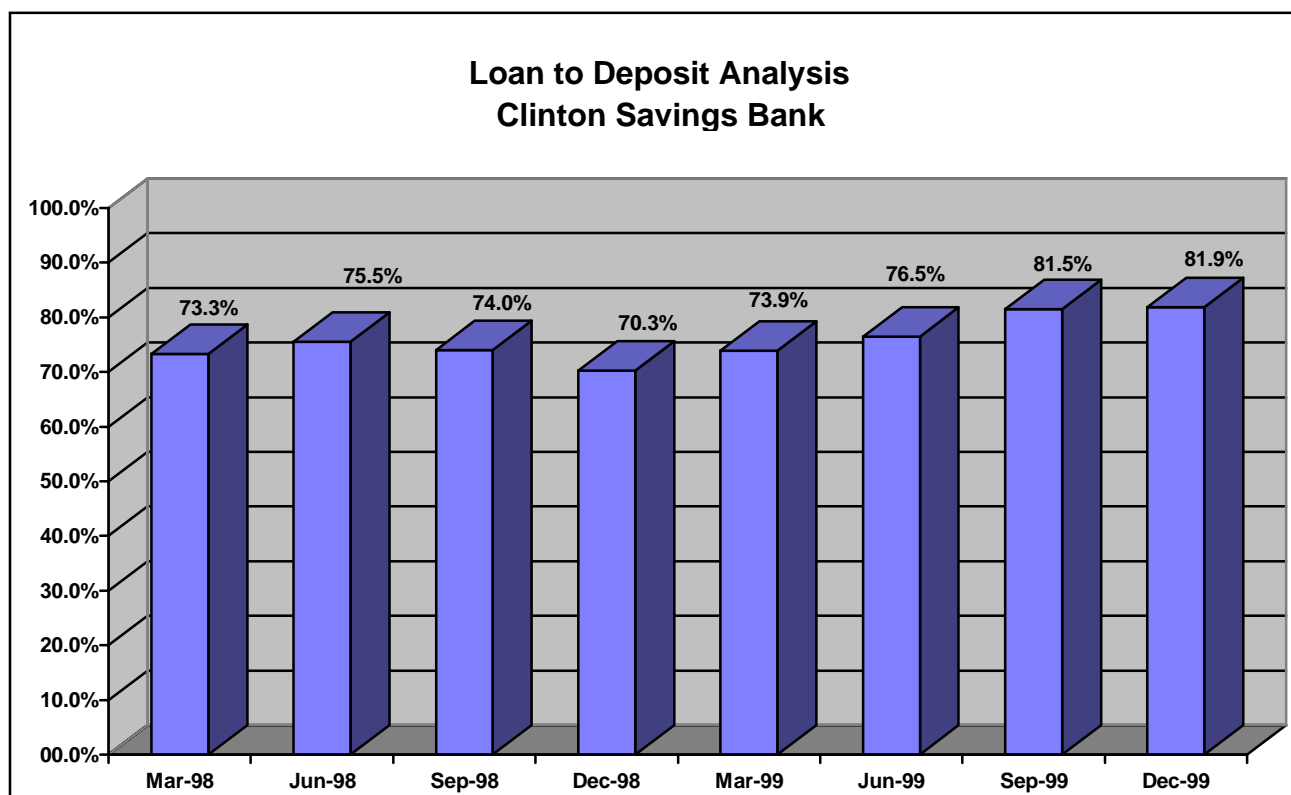
The top five lenders (in descending order) within Clinton Savings Bank's assessment area in 1998 were: Clinton Savings Bank, 336 loans/8% share; Peoples Heritage Bank, 193 loans/5% share; Countrywide Home Loans, 173 loans/4% share; Fleet Mortgage Corporation, 140 loans/3% share; and Fleet National Bank, 133 loans/3% share.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon the following, Clinton Savings Bank's net loan to total deposit ratio appears to be strong and, as such exceeds the standards for satisfactory performance.

An analysis of Clinton Savings Bank's loan to deposit ratio was performed. The calculation incorporated eight quarters of the bank's net loans to total deposit figures as reflected in the bank's quarterly FDIC Call Reports. The quarters reviewed included the periods from March 1998 through December 1999. The bank's net loan to total deposit ratio, on average, was 75.9%. This ratio has fluctuated from a low of 70.3% in December 1998, to a high of 81.9% in December 1999. The following graph illustrates Clinton Savings Bank's net loan to total deposit trends.



Not reflected in the aforementioned analysis is the overall growth rate in net loans and total deposits. Over the period reflected in the graph, Clinton Savings Bank's net loan portfolio increased by 26.8%, and deposits grew by 13.4%. From December 31, 1998 through December

31, 1999, the bank's loan portfolio increased by 16.6%, while deposits essentially had no growth. The biggest jump in deposits was from March 1998 to December 1998. During that period deposits grew by the 13.4% while loans grew by 8.7%, thus impacting the December 1998 loan to deposit ratio.

A comparison of Clinton Savings Bank's loan to deposit ratio to that of area financial institutions was also performed. As of September 30, 1999, Clinton Savings Bank had total assets of \$188,418,000 and a net to loan deposit ratio of 81.5%. The loan to deposit ratios of area community financial institutions is summarized in the following table. Those institutions chosen for this analysis have a main office or branch location within Clinton Savings Bank's assessment area. The data presented is as of September 30, 1999.

COMPARATIVE NET LOAN TO TOTAL DEPOSIT RATIOS*		
Institution	Total Assets \$(000)	Net Loan to Total Deposit Ratios (%)
Athol-Clinton Co-operative Bank	72,230	90.4
Commerce Bank & Trust Company	408,259	89.5
I C Federal Credit Union	229,445	84.9
Clinton Savings Bank	188,418	81.5
Leominster Credit Union	210,375	67.4

*As of September 30, 1999.

Based on the aforementioned analysis, Clinton Savings Bank has achieved a consistently strong, loan to deposit level.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)

Based upon the following data, Clinton Savings Bank's percentage of HMDA reportable and small business lending activity within its assessment area is considered to be reasonable. Consequently, this criterion meets the standard for satisfactory performance.

HMDA Reportable Lending

An analysis of Home Mortgage Disclosure Act (HMDA) reportable lending extended both inside and outside Clinton Savings Bank's assessment area for the period under review was performed. For the purposes herein, the period under review constitutes both calendar years 1998 and 1999. A HMDA reportable loan is defined as home purchase loans (including originations, purchases, and refinances) as well as home improvement loans.

The following table illustrates Clinton Savings Bank's level of HMDA reportable lending both inside and outside its assessment area, as well as its pattern of lending to those communities within its assessment area. No significant concentration of HMDA reportable lending to a community outside of the bank's assessment area was noted as a result of this analysis.

HMDA REPORTABLE LOANS BY NUMBER AND DOLLAR VOLUME*												
	1998				1999				TOTAL			
LOCATION	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%

Clinton	89	20.1	7,265	11.9	44	14.1	4,019	8.1	133	17.7	11,284	10.2
Sterling	57	12.9	7,020	11.5	44	14.1	6,320	12.8	101	13.4	13,340	12.1
Bolton	46	10.4	9,852	16.2	24	7.7	5,524	11.1	70	9.3	15,376	13.9
Lancaster	41	9.3	4,580	7.5	23	7.3	3,648	7.3	64	8.5	8,228	7.5
Harvard	27	6.1	5,854	9.6	18	5.8	4,833	9.8	45	6.0	10,687	9.7
Princeton	19	4.3	3,763	6.2	13	4.2	3,497	7.1	32	4.2	7,260	6.6
West Boylston	10	2.3	1,370	2.3	19	6.1	2,767	5.6	29	3.8	4,137	3.7
Berlin	10	2.3	1,582	2.6	8	2.6	1,802	3.6	18	2.4	3,384	3.1
TOTAL INSIDE	299	67.7	41,286	67.8	193	61.9	32,410	65.4	492	65.3	73,696	66.8
TOTAL OUTSIDE	143	32.3	19,565	32.2	119	38.1	17,112	34.6	262	34.7	36,677	33.2
TOTAL	442	100.0	60,851	100.0	312	100.0	49,522	100.0	754	100.0	110,373	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

As indicated above, Clinton Savings Bank achieved 65.3 percent of the number and 66.8 percent of the dollar volume of its HMDA reportable lending to those communities within its assessment area. According to market data provided by PCI Services, Inc. Clinton Savings Bank achieved a first place ranking in market share (out of 276 lenders) for its HMDA reportable applications received in 1998. The remaining top five lenders in market share were either regional/national mortgage companies operating within the bank's assessment area or, in one instance, a significantly larger commercial bank. Given this achievement, Clinton Savings Bank's level of HMDA reportable lending within its assessment area is considered adequate.

Small Business Lending

At management's request, an analysis of Clinton Savings Bank's small business lending both inside and outside its assessment area as well as its pattern of lending to those communities within its assessment area was also performed. For purposes herein, a small business loan is defined as a loan with an original amount of \$1 million or less that are: "secured by nonfarm, nonresidential properties or; commercial and industrial loans to US addressees." This definition is consistent with that found in the FDIC Call Report instructions. The period under review for small business lending also constitutes calendar years 1998 and 1999.

The following illustrates Clinton Savings Bank's level of small business lending both inside and outside its assessment area based upon an internally generated report. The Town of Princeton was omitted from the table, as there was no small business lending to that community for the period under review. In addition, no significant concentration of small business lending to a community outside of Clinton Savings Bank's assessment area was noted as a result of this analysis.

SMALL BUSINESS LOANS BY NUMBER AND DOLLAR VOLUME*												
	1998				1999				TOTAL			
LOCATION	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
Clinton	31	40.8	2,082	31.8	27	36.4	1,530	18.6	58	38.7	3,612	24.4
Sterling	13	17.1	2,224	33.9	9	12.1	558	6.8	22	14.7	2,782	18.8

Lancaster	13	17.1	655	10.0	8	10.8	672	8.2	21	14.0	1,327	9.0
West Boylston	7	9.2	145	2.2	4	5.4	318	3.7	11	7.3	463	3.2
Bolton	4	5.3	121	1.9	3	4.1	667	8.1	7	4.7	788	5.3
Harvard	1	1.3	250	3.8	3	4.1	491	6.0	4	2.6	741	5.0
Berlin	0	0.0	0	0.0	3	4.1	1,000	12.2	3	2.0	1,000	6.8
TOTAL INSIDE	69	90.8	5,477	83.6	57	77.0	5,236	63.6	126	84.0	10,713	72.5
TOTAL OUTSIDE	7	9.2	1,078	16.4	17	23.0	2,991	36.4	24	16.0	4,069	27.5
TOTAL	76	100.0	6,555	100.0	74	100.0	8,227	100.0	150	100.0	14,782	100.0

*Source: Internally Generated Report

As indicated above, Clinton Savings Bank's made 84.0 percent of the number and 72.5 percent of the dollar volume of its small business loans in those communities within its assessment area.

Based on the above analysis, Clinton Savings Bank's distribution of HMDA-reportable and small business lending to those communities within its assessment area appears to be reasonable.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

Based upon the subsequent analysis, Clinton Savings Bank's distribution of its HMDA reportable lending within its assessment area to borrowers of different incomes is considered to be significant. In addition, a majority of its small business lending was for loans of \$100,000 or less. Therefore, the bank is determined to exceed the standards for satisfactory performance in this category.

HMDA Reportable Lending

An analysis of HMDA-reportable loans extended within Clinton Savings Bank's assessment area, among borrowers of various income levels for the period under review was performed. Originations were categorized by the ratio of the applicant's reported incomes to the 1998 and 1999 estimated median family incomes of the appropriate Boston or Worcester MSA (refer to the Performance Section).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as income between 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

Refer to the following.

HMDA REPORTABLE LOAN ORIGINATIONS BY BORROWER'S INCOME LEVEL*												
INCOMES	1998				1999				TOTAL			
	#	%	\$	%	#	%	\$	%	#	%	\$	%
<50	11	3.7	575	1.4	7	3.6	404	1.3	18	3.7	979	1.3
50 – 79	51	17.1	3,845	9.3	25	13.0	2,432	7.5	76	15.4	6,277	8.5
80 – 119	61	20.4	6,192	15.0	53	27.5	6,229	19.2	114	23.2	12,421	16.9

120+	174	58.2	30,257	73.3	106	54.9	22,923	70.7	280	56.9	53,180	72.2
NA	2	0.6	417	1.0	2	1.0	422	1.3	4	0.8	839	1.1
TOTAL	299	100.0	41,286	100.0	193	100.0	32,410	100.0	492	100.0	73,696	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

As the above table indicates, Clinton Savings Bank made a substantial number of its HMDA reportable loans to low- and moderate-income individuals during the two years under review. In 1998, 3.7 percent of all residential loans were made to low-income borrowers, while 17.1 percent were made to moderate-income borrowers. Similarly in 1999, 3.6 percent of loans went to low-income borrowers; while 13.0 percent were made to moderate-income borrowers. This has resulted in a combined distribution for the two years of 3.7 percent and 15.4 percent to low and moderate-income borrowers respectively.

While the number of loans to low and moderate-income borrowers was notable, the proportion of the dollar amount of loans did not keep pace with the number; however, the dollar amount was still acceptable. The bank made a combined total dollar amount of loans of \$979,000 or 1.3 percent to low-income borrowers and \$6.3 million to moderate-income borrowers, representing 8.5 percent of all loans.

A comparative analysis of Clinton Savings Bank's 1998 HMDA reportable lending to that of other HMDA reporters within the assessment area was also conducted. The following table provides comparative aggregate data (exclusive of Clinton Savings Bank) of HMDA reportable lending to borrowers of various income levels in its assessment area. Also included in the following table is the number and percentage of total family households (per 1990 census data) within each of the median family income groupings.

COMPARISON OF HMDA REPORTABLE LENDING BY BORROWER'S INCOME LEVEL*										
INCOMES	1998 BANK PERFORMANCE				1998 AGGREGATE DATA				FAMILY HOUSEHOLDS	
	#	%	\$(000)	%	#	%	\$(000)	%	#	%
<50	11	3.7	575	1.4	78	2.6	6,810	1.5	1,895	13.7
50 – 79	51	17.1	3,845	9.3	257	8.6	22,640	5.0	2,352	17.0
80 – 119	61	20.4	6,192	15.0	610	20.5	69,639	15.4	3,463	25.1
120+	174	58.2	30,257	73.3	1,517	50.9	270,042	59.7	6,099	44.2
NA	2	0.6	417	1.0	516	17.4	83,198	18.4	0	0.0
TOTAL	299	100.0	41,286	100.0	2,978	100.0	452,329	100.0	13,809	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

Included in the low-income category are 497 family households within the bank's assessment area whose income is considered to be below poverty level, and thus, unlikely to qualify for a HMDA reportable loan. If that category were adjusted to reflect this fact, the number of low-income family households within the bank's assessment area would be decreased to 1,398 or 10.5%.

As indicated, the percentage of Clinton Savings Bank's 1998 HMDA-reportable loans to individuals of low-income is slightly higher (by number) than the aggregate. However, the percentage of the bank's lending to borrowers of moderate-income is significantly higher than the aggregate, both by number and by dollar volume. It should be noted that Clinton Savings Bank earned a number one ranking (12.8% share) to low and moderate-income applicants in 1998. Furthermore, the bank's 1999 performance appears to be reasonably consistent in the low and moderate-income categories given the decrease in the overall volume of HMDA reportable

lending. Therefore it appears that Clinton Savings Bank's HMDA reportable lending performance to both low and moderate-income borrowers for the period is very strong.

Small Business Lending

An analysis of Clinton Savings Bank's small business loans extended within its assessment area by loan amount was also performed. The following reflects the results of this analysis.

SMALL BUSINESS LOANS BY LOAN SIZE*												
LOAN SIZE	1998				1999				TOTAL			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
<100M	51	73.9	1,407	25.7	40	70.2	1,286	24.6	91	72.2	2,693	25.1
101M – 250M	13	18.8	1,829	33.4	11	19.3	1,790	34.2	24	19.1	3,619	33.8
250M+	5	7.3	2,241	40.9	6	10.5	2,160	41.2	11	8.7	4,401	41.1
TOTAL	69	100.0	5,477	100.0	57	100.0	5,236	100.0	126	100.0	10,713	100.0

*Source: Internally Generated Report.

As indicated, a majority of the bank's small business loans are for smaller dollar amounts. For the combined period, the bank made 91 loans or 72.2 percent in amounts under \$100,000; while it made 24 loans or 19.1 percent in amounts between \$101,000 to \$250,000.

In conclusion, Clinton Savings Bank's distribution of HMDA-reportable loans within its assessment area to borrowers of low and moderate-incomes is considered to be outstanding. Additionally, the bank's small business lending within its assessment area by smaller dollar amounts is considered strong.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The following analysis indicates that Clinton Savings Bank appears to have achieved a reasonable penetration of HMDA-reportable and small business lending in the seven middle and four upper-income census tracts within its assessment area. Therefore, the bank was determined to have met the standards for satisfactory performance in this category.

HMDA Reportable Lending

An analysis of HMDA-reportable loans extended within the various census tracts contained in Clinton Savings Bank's assessment area for the period under review was conducted. The assessment area is composed of 7 or 63.6 percent middle-income and 4 or 36.4 percent upper-income census tracts. As indicated in the Performance Context section of this Public Evaluation, the one moderate-income census tract located within the confines of the former Fort Devens military base was not included in this analysis. The following table presents the bank's performance.

HMDA REPORTABLE ORIGINATIONS BY CENSUS TRACT*												
CENSUS TRACT INCOME LEVEL	1998				1999				TOTAL			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
MIDDLE	150	50.2	14,797	35.8	94	48.7	12,236	37.8	244	49.6	27,033	36.7

UPPER	149	49.8	26,489	64.2	99	51.3	20,174	62.2	248	50.4	46,663	63.3
TOTAL	299	100.0	41,286	100.0	193	100.0	32,410	100.0	492	100.0	73,696	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

As the above table demonstrates, the bank has achieved a reasonable distribution of loans according to the income of the assessment area's geographies. During the period examined, a total of 244 loans or 49.6 percent were made in middle-income census tracts while 50.4 percent of all loans were made in upper-income tracts.

A comparative analysis of Clinton Savings Bank's 1998 HMDA reportable lending to that of other HMDA reporters within the assessment area was also conducted. The following table provides comparative aggregate data (exclusive of Clinton Savings Bank) of HMDA reportable lending within the various census tracts in its assessment area. Also included in the following table is the number and percentage of owner occupied properties (per 1990 census data) within each of the census tract groupings.

COMPARISON OF HMDA REPORTABLE LENDING BY CENSUS TRACTS*										
CENSUS TRACTS	1998 BANK PERFORMANCE				1998 AGGREGATE DATA				OWNER OCCUPIED PROPERTIES	
	#	%	\$(000)	%	#	%	\$(000)	%	#	%
MIDDLE	150	50.2	14,797	35.8	1,338	45.0	154,717	34.2	6,649	57.0
UPPER	149	49.8	26,489	64.2	1,636	55.0	297,117	65.8	5,020	43.0
TOTAL	299	100.0	41,286	100.0	2,978	100.0	452,329	100.0	11,669	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

As indicated, Clinton Savings Bank's performance in HMDA reportable lending to the middle-income census tracts is above that of the aggregate. However, the volume of loans granted in the upper-income census tracts within its assessment area is somewhat below the aggregate. Since the majority of owner-occupied properties within Clinton Savings Bank's assessment area are in the middle-income census tracts, the bank's performance is considered reasonable.

Small Business Lending

An analysis of Clinton Savings Bank's small business loans extended within its assessment area by census tract was also performed. The following reflects the results of this analysis.

SMALL BUSINESS LOANS BY CENSUS TRACT*												
CENSUS TRACT INCOME LEVEL	1998				1999				TOTAL			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
MIDDLE	51	73.9	2,882	52.6	42	73.7	3,520	67.2	93	73.8	6,402	60.0
UPPER	18	26.1	2,595	47.4	15	26.3	1,716	32.8	33	26.2	4,311	40.0
TOTAL	69	100.0	5,477	100.0	57	100.0	5,236	100.0	126	100.0	10,713	100.0

*Source: Internally Generated Report.

During the period examined, Clinton Savings Bank made 73.8 percent of its loans in middle-income census tracts, while 26.2 percent were made in upper-income tracts. Given the

preponderance of middle-income census tracts in the bank's assessment area, the geographic distribution of the bank's small business lending is considered reasonable.

Based upon the above analysis, Clinton Savings Bank's distribution of HMDA-reportable and small business lending to the eleven census tracts within its assessment area is considered to be satisfactory

5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

Review of Complaints

Clinton Savings Bank has not received any complaints regarding its CRA performance for the period under review. Therefore, no rating is ascribed.

Fair Lending Policies and Practices

The following details Clinton Savings Bank's fair lending performance as it relates to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101. This performance is considered to be satisfactory at this time.

Clinton Savings Bank maintains a Fair Lending Policy that addresses the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, and the Fair Housing Act.

Staff Training

Clinton Savings Bank's staff training is an ongoing process. Members of bank management attend outside seminars relative to CRA, the Equal Credit Opportunity Act, and Fair Lending issues. These individuals then return to train subject specific bank employees. In addition, on an ongoing basis the bank holds "Pipeline Meetings" that incorporate several levels of the bank's lending function. Any new compliance/CRA issues or updates are addressed at these meetings.

On March 9, 1999 a representative from Homeowners Options for Massachusetts Elders (HOME) gave a training session on HOME's loan programs.

Staff Composition and Compensation

As of February 23, 2000, Clinton Savings Bank employed 83 individuals none of whom are minorities. However, the bank does have employees who are bi-lingual in Spanish and Italian.

In- house personnel responsible for loan originations are compensated on a salary basis. The bank also continues to employ two outside originators who are compensated on a commission basis. However, use of commissioned loan originators does not appear to have adversely affected any protected class member's ability to apply for or receive a loan from Clinton Savings Bank.

Outreach

In an effort to determine the credit needs of its assessment area, Clinton Savings Bank maintains ongoing contact with area organizations. The bank is affiliated with the Uptown Inc., an organization dedicated to the revitalization of downtown Clinton, the Economic Development Office of Clinton, the Wachusett Chamber of Commerce, and local chapters of the United Way, Rotary, Lions, and Exchange Clubs. In addition, Clinton Savings Bank's Board of Trustees' and management regularly review credit products to ensure they are meeting the needs of the entire community. The bank continues its practice of contacting local area realtors to keep them informed of the credit products and rates that are available at the bank.

Credit Products and Underwriting Standards

Clinton Savings Bank offers two types of first time homebuyer programs. The Community Homebuyer Program (Fannie Neighbors) offers loans to households whose income does not exceed 115 percent of median family income. The Community Homebuyer Program features no points, no closing costs, and as little as a 3 percent downpayment. It also offers slightly higher qualifying ratios of 33%/38% and does not require two months of principal, interest, taxes, and insurance cash reserves at closing. However, potential borrowers must participate in a FNMA home study course, and meet with Clinton Savings Bank's loan originators to complete the worksheets in FNMA's [A Guide to Homeownership](#). This home study course is also available in Spanish with assistance provided by a Spanish speaking Clinton Savings Bank employee.

The bank also offers an in-house, first time homebuyer program. This program offers no points, no closing costs, and a 5 percent downpayment. This program is a 5/1 adjustable rate product and, as with the Community Homebuyer Program, completion of the FNMA home course is required.

The bank also offers a 1-year, a 3-year, and a 5/1 ARM, a 10-year, 15-year, and 30-year fixed rate, and a 15-year and 30-year fixed rate bi-weekly mortgages. In addition, Clinton Savings Bank offers a 1-year, 3-year, and 5/1-year construction mortgage that features one application process and one closing.

In addition to its own small business loan products, Clinton Savings Bank is a Small Business Administration (SBA) approved lender and offers small business loans under SBA's programs.

Marketing

Clinton Savings Bank does a reasonable job of promoting its credit products by utilizing newspapers that are circulated throughout its assessment area. The newspapers that the bank usually advertises in include The Item, The Landmark, the Bolton Common, and The Banner. Occasionally, the bank will also advertise in the Worcester Telegram and Gazette and will air commercials on a local access cable channel. The bank also promotes its credit services by utilizing brochures, lobby posters, direct mail flyers, and statement stuffers. Recently Clinton Savings Bank developed a web site that also markets its products. The address is www.clintonsavings.com.

Credit Education

Clinton Savings Bank has neither sponsored nor participated in any credit education seminars during the period under review. However, personnel responsible for loan originations attempt to educate every potential loan applicant on an individual basis, from understanding the products the bank offers, to walking a new homebuyer through the underwriting process step by step.

Counseling

Clinton Savings Bank refers customers who are in need of credit counseling to an appropriate HUD approved credit counseling service.

Second Review Practices

The bank employs a "second look" approach to all loan denials before an adverse action notice is mailed to an applicant. The bank's Loan Committee (composed of the bank's President and lending officers) reviews applications before a decision is made. The exception to this practice would be in the case of current delinquency.

Internal Control Procedures

Clinton Savings Bank utilizes reports prepared by BankMaps, Inc. to review its HMDA data and to gauge its performance in comparison to all other lenders in its assessment area. The bank's Board of Trustees reviews these reports annually. In addition, the bank's internal auditors review the bank's HMDA data as part of its compliance audit.

Minority Application Flow

The Division reviewed the number of HMDA reportable applications received from minority applicants. For the period under review, the bank received a total of thirty-three applications from various minority groups within its assessment area. This represents approximately 6.1 percent of all applications received. As of the 1990 census, the bank's assessment area population by racial composition was 90.2 percent White, 0.2 percent Native American; 1.0 percent Asian; 4.0 percent Black, 4.4 percent Hispanic; and 0.2 percent Other.

Refer to the following.

MINORITY APPLICATION FLOW*

RACE	AGGREGATE 1998 DATA		BANK 1998		BANK 1999		BANK TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	3	0.1	0	0.0	0	0.0	0	0.0
<i>Asian</i>	23	0.6	1	0.3	1	0.5	2	0.4
<i>African American</i>	19	0.5	3	0.9	3	1.4	6	1.1
<i>Hispanic</i>	19	0.6	12	3.6	2	1.0	14	2.6
<i>Other</i>	27	0.7	0	0.0	1	0.5	1	0.2
<i>Joint Race</i>	32	0.7	6	1.8	4	1.9	10	1.8
TOTAL MINORITY	123	3.2	22	6.6	11	5.3	33	6.1
<i>White</i>	2,751	72.0	309	919.0	196	93.8	505	92.7
<i>NA</i>	945	24.8	5	1.5	2	0.9	7	1.2
TOTAL	3,819	100.0	336	100.0	209	100.0	545	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

The aggregate data shows that applications from minorities represented 3.2 percent of total applications received, while the bank's application flow was more than twice the aggregate at 6.6 percent.

Given the demographics of its assessment area, Clinton Savings Bank's level of minority applications is considered strong.

Other Considerations

Community Development Lending

The CRA regulation defines a community development purpose as affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In order to qualify as a community development loan, the loan must not be reportable as a home mortgage or small business loan, unless it is for a multi-family dwelling (five or more units).

In 2000, Clinton Savings Bank granted a \$7,000 unsecured loan to the Wachusett Health Education Action Team (WHEAT) for the purposes of purchasing a new van. WHEAT is a local organization that provides food, clothing, and transport to those in need. WHEAT applied for and received 80% of the purchase price of the van from the Commonwealth of Massachusetts. Clinton Savings Bank funded the remaining 20%.

Community Development Services

Clinton Savings Bank's President serves as a member of the Board of Directors of Uptown Inc. Uptown Inc., is a local organization whose mission is to revitalize the downtown business district of Clinton.

Clinton Savings Bank's Comptroller serves as Treasurer of Item Appeal; a charitable organization developed by the local newspaper The Item that monetarily assists individuals in need.

As mentioned previously Clinton Savings Bank maintains its Nashoba Regional High School limited service branch. Additionally, the bank participates in the Save For America Student Banking Program volunteering one day per week at Clinton and Lancaster elementary and middle schools

Retail Services

Clinton Savings Bank offers both low cost checking and savings accounts and is a participant in MCBC Basic Banking for Massachusetts program. The checking account has no minimum balance requirement, no per check charge, and a \$4.00 per month fee that is waived for Direct Deposit. The savings account has a \$50.00 minimum balance requirement and a \$1.00 per month fee is charged if the balance falls below the minimum. The bank also offers a checking account for senior citizens that has no minimum balance requirement, no monthly fees, and no per check charges.

Clinton Savings Bank's Basic Business Checking Account has no minimum balance requirement, no per check charges, and a \$15.00 monthly fee.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

CLINTON SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **FEBRUARY 1, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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_____	_____
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_____	_____
_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.